

Message Text

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16

ACTION EA-10

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8933

C O N F I D E N T I A L BANGKOK 19182

FOLLOWING SENT ACTION BANGKOK FROM SONGKHLA DECEMBER 6 REPEATED
FOR YOUR INFO

QUOTE

C O N F I D E N T I A L SONGKHLA 039

E.O. 11652: GDS

TAGS: EMIN EINV PFOR TH US

SUBJECT: PHANG NGA TIN MINING CONCESSION

REF: A. SONGKHLA 035

B. BANGKOK 18678

1. I MET WITH PHANG NGA GOVERNOR DR. TAWAT MOKKARAPONG
DECEMBER 3 ON COURTESY CALL (MEMCON FOLLOWS). HE IS GLIB
PHD FROM US WHO SEEMED TO EXAGGERATE CURRENT SITUATION AS
WELL AS HIS OWN IMPORTANCE. TAWAT CLAIMED THAILAND SHOULD
REVOKE ALL FOREIGN CONCESSIONS AND KEEP MINING RIGHTS FOR
THAIS ONLY. IF THAILAND DID NOT HAVE SUFFICIENT TECHNOLOGY
FOR OFFSHORE DREDGING, THEN THE TIN SHOULD REMAIN IN THE
GROUND AS PROPERTY OF FUTURE GENERATIONS OF THAI. HE WAS
INCENSED BY SOVEREIGNTY ISSUE, PARTICULARLY SINCE A FOREIGN
COMPANY (TEMCO) HAS BEEN PAYING THAI POLICE A MONTHLY WAGE
TO HARRASS AND ARREST THAI WHO DO ILLEGAL MINING IN CONCESSION
AREA. (COMMENT: IRONICALLY, TEMCO CLAIMS THAT CONTRACT IT
HAS WITH RTG MAKES TEMCO RESPONSIBLE FOR PROTECTING
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CONCESSION AREA AND PROHIBITING ILLEGAL MINING.)

2. MY VISIT TO TEMCO DREDGE ONE MILE OFFSHORE ANDAMAN COAST DECEMBER 4 WAS REMINISCENT OF TRIP THROUGH BANGKOK FLOATING MARKET. COMPANY LAUNCH MUST RUN SLOW FAUNLET OF SEVERAL HUNDRED SMALL BOATS FESTOONED WITH DIVERS, AIR COMPRESSORS AND WOMEN HAULING UP BUCKETS OF ORE CRUDELY CHIPPED FROM OCEAN BEDROCK. TEMCO HAS RESIGNED ITSELF TO ONSLAUGHT OF BONEPICKERS AND LOCAL POLICE NOW IGNORE SITUATION (ALTHOUGH, POSSIBILITY FOR ROBBERY AND GANG WARFARE AMONG SMALL BOATS STILL EXISTS). TEMCO DREDGE MASTER PHILOSOPHICALLY SEES END OF CONFRONTATION SOMETIME IN NEXT YEAR WHEN ANOTHER HUNDRED OR SO SCAVENGER BOATS ARRIVE, THEREBY CROWDING AREA AND MUDDYING UP WATER AS TO RENDER DIVING IMPOSSIBLE. TEMCO ATTORNEYS HAVE PLEA IN WITH RTG IN BANGKOK BUT EXPECT NO RESOLUTION OF SITUATION WHILE CURRENT GOVERNMENT IN POWER. TEMCO IS CURRENTLY SEARCHING FOR THAI PARTICIPATION IN VENTURE THAT IS NOW 100 PERCENT FOREIGN OWNED (TAWAT, HOWEVER, TOLD ME HE WANTED TO SUGGEST 100 PERCENT THAI OWNERSHIP AND RULED OUT JOINT VENTURE PROJECT).

3. TEMCO DREDGING OPERATION IS 50 PERCENT UNION CARBIDE AND 50 PERCENT BILLITON, DUTCH MINING FIRM OWNED BY SHELL. DUTCH DO MINING OPERATIONS AND OAOOPERATE SHORE PLANT. THAISARCO SMELTER AT PHUKET IS ALSO 50-50 SPLIT, WITH CARBIDE PROVIDING MANAGEMENT. SMELTER STARTED AT 70 PERCENT CARBIDE AND 30 PERCENT THANOM/PRAPHAT GROUP IN MID-1960'S. IDEA WAS TO GET HIGH PROFITS FROM TIN SLAGS WHICH CONTAINED LARGE AMOUNTS OF TANTALUM, RARE MINERAL THEN IN DEMAND IN US SPACE PROGRAM AND JAPAN. FALL OF TANTALUM PRICE IN LATE 1960'S REMOVED POSSIBILITY OF IMMENSE PROFITS AND RESULTED IN THAIS SELLING OUT TO CARBIDE, WHICH THEN FOUND BILLITON FOR NEW PARTNER.

4. COMMENT: DIFFICULT TO SEE DR. TAWAT'S ROLE IN ALL THIS NOW. HE SEEMS SINCERE NATIONALIST AND EXPRESSED DISGUST FOR SMELTER ROLE OF PRAPHAT AND FOR WINDFALL PROFITS MADE BY ORIGINAL THAI FIRM (EMCO) WHICH SOLD UPT CONCESSION TO TEMCO. AT SAME TIME TAWAT HAS NO REAL POWER TO INFLUENCE DECISION IN BANGKOK AND COULD BE FRONT MAN FOR NEW SYNDICATE WHICH INTERESTED AGAIN NOW THAT TIN PRICE IS UP AND TEMCO CONCESSION HAS PROVED RICH IN ORE. IN ANY CASE, SOLUTION NOW LOOKS LIKE IT WILL BE
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A THAI ONE: DO NOTHING. TEMCO CONTINUES DREDGING, THE DIVERS GET THE BENDS AND RISK THEIR LIVES FOR 25 BAHT PER DAY AND THAI NATIONALISTS CONTINUE TO KOOK "TOUGH" AS THEY STAND UP AGAINST FOREIGN CAPITALISM.
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